The 12th October 1894.

The following is the Dewan's Address read at the opening of the Assembly:—

GENTLEMEN,

By desire of His Highness the Maharaja, I have much pleasure in submitting to you the following Statements of the Income and Expenditure of the State during the past official year:—

Receipts.

Heads of Receipts.	1892-93.	1893-94.	Difference.
	Rs.	Rs.	Rs.
Land Revenue—			
(a) Land Revenue proper	93,81,570	92,85,457	—96,113
(b) Irrigation Cess merged in Land Revenue ...	70,640	1,54,710	+84,070
(c) Rent from Salt-pans	21,538	25,497	+3,959
(d) Interest on arrears	36,995	27,651	—9,344
Total Land Revenue ...	95,10,743	94,93,315	—17,428
Excise—			
(a) Arrack	16,49,701	16,24,056	—25,645
(b) Toddy	13,22,086	13,25,882	+3,796
(c) Miscellaneous	53,871	51,698	—2,173
Total Excise ...	30,25,658	30,01,636	—24,022
Forests—			
(a) Sandalwood	8,95,824	9,29,345	+33,521
(b) Timber and fuel	1,93,348	2,66,574	+73,226
(c) Other Forest items	2,10,156	2,25,850	+15,694
(d) Kheddas	71,259	44,085	—27,174
Total Forests ...	13,70,587	14,65,854	+95,267
Gold Mining—			
(a) Five per cent Royalty	4,95,351	7,22,129	+2,26,778
(b) Prospecting Licenses fees, Premia on new leases granted, &c.	508	3,500	+2,992
Total Gold Mining ...	4,95,859	7,25,629	+2,29,770
Stamps	7,05,936	7,06,031	+95
Sayer	3,98,127	3,48,075	—50,052
Mohatarfa	3,43,398	3,21,117	—22,281
Law and Justice including Jail Receipts	81,533	82,545	+1,012
Registration	97,475	97,279	—196
Amrut Mahal	33,596	38,107	+4,511
Education	53,618	81,019	+27,401
Public Works	15,501	23,252	+7,751
Medical	6,232	11,759	+5,527
Scientific and other Minor Departments	10,692	10,800	+108
Government Securities and Bank Deposits—			
(a) Interest on Investments	1,93,482	2,63,144	+69,662
(b) Interest on Deposit Account in the Madras Bank...	71,566	1,16,679	+45,113
(c) Profit on Government of India Securities sold...	26,367	19,720	—6,647
Total Government Securities and Bank Deposits ..	2,91,415	3,99,543	+1,08,128
Miscellaneous	1,14,852	1,15,538	+686
Total ...	165,55,222	169,21,499	+3,66,277

Expenditure.

Heads of Expenditure.	1892-93.	1893-94.	Difference.
	Rs.	Rs.	Rs.
A			
Subsidy	24,50,000	24,50,000	...
Civil List	14,00,000	14,00,000	.. .
Political Pensions including allowances in lieu of Jahgir ...	1,00,570	1,15,496	+14,926
Military Force	9,89,027	9,31,504	—57,523
Total A ...	49,39,597	48,97,000	—42,597
B			
Administration and Public Departments	3,16,892	3,71,443	+54,551
Land Revenue Charges—			
Deputy Commissioners and Establishments ...	1,73,777	1,75,825	+2,048
Sub-Divisional Officers and Establishments ...	23,394	24,107	+713
Assistant Commissioners and Establishments ...	67,476	70,544	+3,068
Taluk Establishments	3,15,736	3,17,510	+1,774
Remuneration to village servants	5,37,996	5,85,992	+47,996
Other items	36,371	46,159	+9,788
Total Land Revenue Charges ...	11,54,750	12,20,137	+65,387
Revenue Survey	1,52,038	1,35,583	—16,455
Inam Department	7,699	7,741	+42
Irrigation Cess merged in Land Revenue of 1892-93 credited to Irrigation Cess Fund	...	70,668	+70,668
Do do 1893-94 do	...	1,54,710	+1,54,710
Excise	1,86,535	2,15,976	+29,441
Forest including Elephant Kheddas	4,57,634	4,86,076	+28,442
Stamps	24,405	26,997	+2,592
Sayer	12,933	12,989	+56
Stationery and Printing	1,15,868	1,71,568	+55,700
Amrut Mahal	27,757	26,271	—1,486
Scientific and Minor Departments	1,00,297	91,820	—8,477
Total B ...	25,56,808	29,91,979	+4,35,171
C			
Law and Justice including Jails	8,32,168	8,58,166	+25,998
Police	7,43,840	7,42,346	—1,494
Education	3,98,197	4,31,014	+32,817
Muzrai	3,15,351	3,10,388	—4,963
Medical	2,37,840	2,49,322	+11,482
Superannuation Pensions and Gratuities	2,68,715	2,54,234	—14,481
Public Works and Sanitary Departments	24,42,511	24,98,628	+56,117
Registration	46,571	47,549	+978
Contribution towards Leave and retiring allowances to British and Native Officers	21,708	21,201	—507
Interest on Savings Bank Deposits	88,717	1,00,115	+11,398
Interest on Charitable Funds	4,174	9,924	+5,750
Refunds	99,445	64,412	—35,033
Census	6,364	6,277	—87
Miscellaneous, including charges on account of visits of distinguished personages and His Highness the Maharaja's Tours	3,10,582	1,66,676	—1,43,906
Audited charges of Famine Relief Operations	21,980	31,370	+9,390
Premia, &c., paid on Government of India Pro-Notes purchased	46,736	1,82,976	+1,36,240
Interest on Mysore Railway Loan of 20 lakhs	89,862	98,705	+8,843
Total C ...	59,74,761	60,73,303	+98,542
Total A, B and C ...	134,71,166	139,62,282	+4,91,116

In the foregoing statement of Receipts, the first item which claims our attention is Land Revenue. The actual realizations, we find, have been nearly the same during the past two years, but the Irrigation Cess included in Land Revenue was about ¾ lakh in 1892-93 against 1½ lakhs in 1893-94, so that in Land Revenue proper, there was a falling off of nearly 1 lakh. This decrease was due to the smaller collection of previous years' arrears. In 1892-93, the arrears realized amounted to the unusually large sum of 7¼ lakhs, owing to the amount outstanding from the unfavorable season of 1891-92, while the arrears realized in 1893-94 were normal and amounted to only 3 lakhs. The decrease in arrear collection (4¼ lakhs) was for the most part recouped by an increase (about 3¼ lakhs) in the collection of the current Revenue. But the real improvement of the year can be accurately gauged, only by comparing the Revenue Demand for it with that for the previous year. Under Raiyatwari, the Demand was 84½ lakhs as compared with 82¼ lakhs in the previous year. Of this increase, about Rs. 34,000 were due to the introduction of the Survey and Settlement into two taluks, and the remainder to extension of cultivation. The occupied area rose from 5,891,268 acres in 1892-93 to 6,173,826 in 1893-94. Of the increased area, 73,000 acres were due to the revision, by the Survey, of the occupied area in the two settled taluks, while the remainder,—*viz.*, 209,000 acres bearing an assessment of Rs. 1,82,000—represents lands newly taken up for cultivation during the year. Under minor items (chiefly Amarayi, Quit-rents on Minor Inams, and sale of unoccupied lands), the improvement was about 1 lakh. Thus, the total Land Revenue Demand was better than in 1892-93 by about 3¼ lakhs.

Excise.—The Revenue from Excise, exclusive of Local Cess, amounted to Rs. 30,01,000 as compared with Rs. 30,25,000 in 1892-93, showing a decrease of Rs. 24,000. But if we exclude the arrear collection of Rs. 1,46,000 from the Arrack income of 1892-93, the Revenue from this source shows an increase of about 1¼ lakhs. Under Toddy similarly, if the Civil and Military Station share for 1892-93 adjusted in 1893-94 be taken into account, there was an increase of nearly half a lakh. The subject of this Revenue is of such special importance that I will discuss it in some detail hereafter.

Forests.—Passing now to the next important Revenue item, that from Forests, we find that the gross income was Rs. 1,22,000 better than in 1892-93 owing to the larger quantity of sandalwood sold and to the supply of timber for Railway sleepers.

The table below shows how much is derived from each branch of this Revenue :—

Items.	Receipts.	Collection and Conservancy.	Establishment charges in the proportion of expenditure in column 3.	Total Expenditure.	Net Revenue.
1	2	3	4	5	6
Sandalwood	9,29,345	41,497	25,222	66,719	8,62,626
Timber	2,54,344	84,668	51,460	1,36,128	1,18,216
Miscellaneous	2,25,850	75,194	45,702	1,20,896	1,04,954
Wood fuel supplied to the Railway	12,230	2,235	1,358	3,593	8,637
Plantations	...	49,704	30,210	79,914	—79,914
Total ...	14,21,769	2,53,298	1,53,952	4,07,250	10,14,519

Thus, 65·37 per cent of the Net Forest Revenue is derived from sandalwood and 34·63 per cent from all other sources.

The collection of sandalwood and its preparation for the market, cost only 16 per cent of the total expenditure of the Forest Department. Omitting this, we find that the other Forest operations of the year, which involved an expenditure of Rs. 3,40,000, brought in a Revenue of only Rs. 4,92,000, the proportion of expenditure to gross income being 69·2 per cent. Thus, apart from sandal which is a natural product peculiar to the Mysore Forests, the Forest Department does not bring much of Revenue to the Government.

The receipts from Elephant Kheddas were Rs. 27,000 less than in 1892-93, owing to the smaller number of elephants captured and sold. The Khedda Department worked during the year at a net loss of Rs. 34,000.

Gold Mining.—Under Gold Mining, the receipts from the 5 per cent Royalty amounted to Rs. 7,22,000, or about 2¼ lakhs more than the corresponding receipts of the previous year. As some months usually intervene between the local production of the gold and the payment of the royalty thereon to our Bankers in England, the receipts of the year do not represent the royalty due on the annual production. The quantity of gold produced during the last two years has been nearly the same as shown below :—

Name of Company.	1892-93 (1st July to 30th June).			1893-94 (1st July to 30th June).		
	Weight of Bar Gold produced. oz.	Equivalent in Standard Gold. oz.	Certified value in £.	Weight of Bar Gold produced. oz.	Equivalent in Standard Gold. oz.	Certified value in £.
Mysore Gold Mining Company ...	71,537	71,154	277,128	54,183	54,239	210,961
Urigam do ...	65,956	63,238	246,635	76,026	73,106	284,082
Nundydroog do ...	29,354	28,202	110,003	25,593	24,395	95,003
Balaghat do ...	8,472	8,434	32,875	5,792	5,680	22,104
Champion Reefs do ...	20,596	19,989	77,926	37,966	37,041	144,584
Indian Consolidated do ...	102	100	390	...	...	...
Mysore West do ...	...	...	...	65	65	239
Mysore Wynaad do ...	...	...	...	65	65	239
Total ...	196,017	191,017	744,957	199,690	194,591	757,212

Interest.—There has been an increase of over a lakh in the interest realized on Government Securities and Bank Deposits, owing partly to the investment in Government of India Securities of an additional sum of 22½ lakhs, and partly to better rates of interest on Deposits in the Madras Bank.

The fluctuations in the other items of Revenue call for no special remark.

Taking together all heads of Receipts, the Gross Revenue of the past year amounted to Rs. 169,21,499 against Rs. 165,55,222 in the previous year, being an increase of Rs. 3,66,277.

Expenditure.—The total expenditure under all heads amounted to Rs. 139,62,282 against Rs. 134,71,166 in the previous year, being an increase of Rs. 4,91,116. The principal items which contributed to this increase were the following :—

Rs.

14,926 under "Political Pensions" due to the grant of a 50 per cent addition to the pensions of Pallegars.

54,551 under "Administration and Public Departments," due chiefly to the purchase of a Government House at Bangalore and to the grant of a monthly salary instead of an annual allowance to one of the State Councillors, the appointment of a Tutor to the First Prince, the payment of the Comptroller's salary for 12 instead of only for 3 months as in 1892-93, and the adjustment of the Tour expenditure of previous years.

2,25,378 under credits to the "Irrigation Cess Fund." This is merely nominal, as it is the amount of the Irrigation Cess merged in the wet assessment of Taluks settled after February 1875. In previous years, the amount thus merged used to be credited to the Irrigation Cess Fund by deduction from the Land Revenue realized in each District, but last year it was ordered that the amount should, in order to simplify the accounts, be treated as a separate payment to the Irrigation Cess Fund. This payment for 1893-94 and another similar payment to correct an omission in 1892-93 together amounted to Rs. 2,25,378.

47,996 under "Remuneration to Village Servants." The increase due to remuneration for newly settled Taluks was Rs. 22,000, and the remainder was due to the payment of the previous years' arrears.

55,700 under "Stationery and Printing" was owing to purchase of new Presses and new Type, to the increased printing work of the year, and larger supplies of Stationery to Public Departments.

29,441 under "Excise" was due to the revised scale of Toddy establishment introduced during the year.

28,442 under "Forest" was owing to larger collections of sandal, timber, and fuel.

25,998 under "Law and Justice" was due to the increase of the pay of the Chief Judge, to the revision of the Chief Court establishment, to the increments of pay granted to Sub-Judges and the Gold Mines Magistrate, and to the revision of the scale of the pay of Munsiffs.

32,817 under "Education" was caused by increased grants-in-aid and by the transfer from Local to State Funds, of Vernacular Schools in Kasabas of Taluks and Sub-Taluks. The increase due to the latter cause was, however, counterbalanced by a corresponding credit from the Village School Fund.

56,117 under "Public Works" was incurred on Sanitary Works.

1,36,240 under "Premia, &c." paid on purchase of Government Securities was due to the investment in such Securities of 22½ lakhs during the year.

The other variations in Expenditure do not call for any special comment in this place.

I will next ask your attention to the following statements of Gross and Net Revenue and Expenditure of the year :—

No. I.—Statement of Gross and Net Income, 1893-94.

Heads of Receipts.	Gross Receipts, 1893-94.	Charges, 1893-94.	Net Receipts, 1893-94.	Net Receipts, 1892-93.
	Rs.	Rs.	Rs.	Rs.
1. Land Revenue including rent on Salt-pans, &c. ... ... Rs. 94,93,315				
Deduct—Merged Irrigation Cess...Rs. 1,54,710				
Balance Land Revenue ...	93,38,605	12,20,137	81,18,468	83,55,993
2. Excise	30,01,636	2,15,976	27,85,660	28,39,123
3. Forests—				
(*a*) Sandalwood	9,29,345	4,07,250	10,14,519	9,16,735
(*b*) Timber, Plantations, Fuel, &c. ...	4,92,424			
(*c*) Elephant Kheddas	44,085	78,826	—34,741	—3,782
Total Forests ...	14,65,854	4,86,076	9,79,778	9,12,953
4. Gold Mining—				
(*a*) Five per cent Royalty	7,22,129	...	7,22,129	4,95,351
(*b*) Premia on new leases, &c. ...	3,500	...	3,500	508
Total Gold Mining ...	7,25,629	...	7,25,629	4,95,859
5. Stamps	7,06,031	26,997	6,79,034	6,81,531
6. Sayer	3,48,075	12,989	3,35,086	3,85,194
7. Mohatarfa	3,21,117	...	3,21,117	3,43,398
8. Registration	97,279	47,549	49,730	50,904
9. Amrut Mahal	38,107	26,271	11,836	5,839
10. Interest on Investments and on Current Deposit, Madras Bank	3,79,823	...	3,79,823	2,65,048
11. Sundry other sources of income ...	1,08,848	..	1,08,848	1,09,058
Total ...	165,31,004	20,35,995	144,95,009	144,44,900
Deduct—Refunds			64,412	99,445
Net Revenue ...			144,30,597	143,45,455
Deduct—Net Expenditure as per Statement No. II			114,71,380	112,61,399
Surplus ...			29,59,217	30,84,056

No. II.—Statement of Gross and Net Expenditure, 1893-94.

Heads of Expenditure.	Gross Expenditure, 1893-94.	Income, 1893-94.	Net Expenditure, 1893-94.	Net Expenditure, 1892-93.
	Rs.	Rs.	Rs.	Rs.
1. Subsidy to the British Government ...	24,50,000	...	24,50,000	24,50,000
2. Palace charges	14,00,000	...	14,00,000	14,00,000
3. Political Pensions	1,15,496	...	1,15,496	1,00,570
4. Interest on Mysore Railway Loan of 20 Lakhs	98,705	...	98,705	89,862
5. Interest on Savings Bank Deposits and Charity Funds	1,10,039	...	1,10,039	92,891
6. Civil Establishments included under Administration, Inam Department, and Revenue Survey ...	5,14,767	...	5,14,767	4,76,629
7. Stationery and Printing	1,71,568	4,762	1,66,806	1,11,750
8. Judicial charges ... Courts ...	7,74,816	57,245	7,17,571	6,94,117
8. Judicial charges ... Prisons ...	83,350	25,300	58,050	56,518
9. Police	7,42,346	1,928	7,40,418	7,42,164
10. Education	4,31,014	81,019	3,49,995	3,44,579
11. Muzrai	3,10,388	....	3,10,388	3,15,351
12. Medical	2,49,322	11,759	2,37,563	2,31,608
13. Minor Departments	98,097	10,800	87,297	95,969
14. Civil furlough allowances	21,201	...	21,201	21,708
15. Pensions	2,54,234	...	2,54,234	2,68,715
16. Military	9,31,504	...	9,31,504	9,89,027
17. Famine Relief	31,370	..	31,370	21,980
18. Premia, Interest, &c., on Government Securities bought and sold	1,93,094	19,720	1,73,374	26,359
19. Miscellaneous	1,56,558	...	1,56,558	3,04,592
20. Public Works	24,98,628	23,252	24,75,376	24,27,010
21. Merged Irrigation Cess debitable to Land Revenue of 1892-93, adjusted in the accounts of 1893-94	70,668	...	70,668	...
Total ..	117,07,165	2,35,785	114,71,380	112,61,399

The surplus of the year was Rs. 29,59,217 as compared with Rs. 30,84,056 in 1892-93. If we take into consideration the sum of Rs. 70,668, on account of Irrigation Cess, which should have been deducted from the Land Revenue of 1892-93, but which, not having been so deducted, has had to be adjusted in the accounts of 1893-94, the surplus was nearly the same in both years, *viz.*, Rs. 30,13,388 in 1892-93 and Rs. 30,29,885 in 1893-94.

State Railway.—The working of the State Railway resulted in a deficit of Rs. 1,58,804, and, in addition to this amount, Rs. 7,27,187 were expended as

Capital on new Railways by the State, and 4 lakhs were placed to the credit of the Railway Loans Redemption Fund. The details are given in the table below :—

	1893-94.	1892-93.
REVENUE ACCOUNT—	Rs.	Rs.
I. MYSORE-HARIHAR RAILWAY—		
Receipts.—$\frac{3}{4}$ths of net earnings recovered from the Southern Mahratta Railway Company	4,19,088	4,08,922
Payments.—Interest paid to the Southern Mahratta Railway Company upon the expended portion of the English Railway Loan of £ 1,200,000	5,97,399	7,64,887
Deficit for the year ...	1,78,311	3,55,965
II. REVENUE FROM STATE RAILWAYS OTHER THAN THE MYSORE-HARIHAR RAILWAY—		
Receipts.—Net earnings for 12 months ending 30th June 1893—		
(1) Mysore-Nanjangud Line	12,825	...
(2) Bangalore-Hindupur Line...	6,682	...
Total ...	19,507	...
Net Deficit Revenue Account ...	1,58,804	3,55,965
CAPITAL ACCOUNT—		
I. *Capital Outlay by the State*—		
(*a*) On construction—		
(1) Mysore-Nanjangud Branch	—17,756	6,18,552
(2) Bangalore-Hindupur Branch...	2,11,340	8,93,979
(3) Kolar Gold Fields Branch	2,61,224	3,71,487
(*b*) Surveys to the West Coast	7,526	11,140
Surveys to the Arsikere-Hassan Branch	16,788	
Surveys to the Birur-Shimoga Branch	1,21,602	
(*c*) Direction and Accounts	67,263	...
(*d*) State Carriages	59,200	...
Total Capital Outlay ...	7,27,187	18,95,158
II. Payment by the State into the Railway Loan Redemption Fund.	4,00,000	4,00,000
Total Capital Account ...	11,27,187	22,95,158
Grand Total of Railway payments, Revenue and Capital ...	12,85,991	

General Financial Results.—The total Railway payments of Rs. 12,85,991 being deducted from the Surplus of Revenue over ordinary Expenditure which amounted to Rs. 21,59,217, the Net Surplus of the year was Rs. 16,73,226. This sum added to the opening balance of Rs. 93,64,842 on 1st July 1893, gave a closing balance on 30th June 1894, of Rs. 110,38,068. Out of this amount, Rs. 65,89,700 were held in Government Securities, and the remainder in the Madras Bank and the various local Treasuries. We had in addition a sum of Rs. 23,21,924 to the credit of the Railway Loans Redemption Fund.

Budget for 1894-95 (*vide* Appendix I).—The Budget for the current year estimates for an income, from ordinary sources of Revenue, of only Rs. 162,75,000, against an actual income of Rs. 169,21,499 in 1893-94, due allowance being made for any possible falling off in particular items of Revenue. The Budget of Disbursements is framed for Rs. 138,78,000 or for very nearly the actual expenditure of 1893-94.

Under Railways, the income is estimated at Rs. 5,20,000 and the expenditure at Rs. 12,22,000. The latter consists of Rs. 8,22,000 on account of

guaranteed interest on the English Debenture Loan and Rs. 4,00,000 for payment into the Redemption Fund. No provision is made for any new Railway works, as it is anticipated that the Arsikere-Mangalore line will be taken up by private capitalists and the Local Railway Department is proposed to be abolished next month. Should the Government be able hereafter to proceed with purely local lines, such as the Birur-Shimoga, the same must be constructed through the ordinary Public Works Department and out of current Revenue.

Incidence of taxation.—Before taking leave of the subject of Finance, it will be interesting to compare the State Revenue from all sources, as at present developed, with what it was at the Rendition, 13 years ago. We may, for our present purpose, leave out of consideration the Receipts appertaining to the Civil and Military Station of Bangalore and to the State Railway. After leaving these out, we find that the total State Income, which in 1881-82—the first year after the Rendition—was Rs. 104,06,645, has risen to Rs. 167,66,789 during the last year 1893-94. The increase is over 61 per cent, and it behoves us to enquire what bearing this high measure of financial improvement has upon the burdens of the people. In such an enquiry, it is necessary to bear in mind that our Revenue, as elsewhere, is derived both from taxes properly so called and from sources which are not taxes in any sense of the term. Land Revenue, Excise, Mohatarfa, Sayer, Stamps and Registration alone can be regarded as taxes in Mysore, and we find that the Revenue from them has, during the period under consideration, increased from Rs. 93,04,000 to Rs. 138,12,000, or 48½ per cent, while on the other hand our income from sources other than taxes has nearly trebled itself during the same period. Confining our attention for the present to the Revenue from taxation, we find its incidence to have risen, as shown below :—

Mysore excluding Civil and Military Station. { Population according to Census of 1881=4,092,648. Do do do of 1891=4,843,523. Percentage of increase=18·34.

	Revenue.			Incidence per head.					
	1881-82.	1893-94.	Percentage of Increase + Decrease —	1881-82	1893-94.	Percentage of Increase + Decrease —	Amount of Increase + Decrease —		
	Rs.	Rs.	Rs.	Rs. a. p.	Rs. a. p.		Rs.	a.	p.
Land Revenue ...	70,45,708	93,38,577	+ 32·54	1 11 6½	1 14 10	+ 11·95	+ 0	3	3½
Excise ...	10,42,006	30,01,636	+ 188·06	0 4 1	0 9 11	+ 142·85	+ 0	5	10
Mohatarfa ...	2,67,385	3,21,117	+ 20·09	0 1 ½	0 1 ¾	+ 1·49	+ 0	0	¼
Sayer ...	4,42,547	3,48,075	— 21·34	0 1 8¾	0 1 1¾	— 35·73	— 0	0	7
Stamps ...	4,56,831	7,06,031	+ 54·54	0 1 9½	0 2 4	+ 30·56	+ 0	0	6¼
Registration ...	49,727	97,279	+ 95·62	0 0 2¼	0 0 4	+ 71·67	+ 0	0	1¾
Total.....	93,04,204	138,12,715	+ 48·45	2 4 4½	2 13 7½	+ 25·44	+ 0	9	3

The rise in the incidence per head of population is from Rs. 2-4-4½ to Rs. 2-13-7½, or 25½ per cent. The amount of increase is 9 annas 3 pies. Going into details, we find that the increase in Mohatarfa incidence is insignificant, while the Sayer incidence has slightly declined owing chiefly to the transference of the Government share of the duty on tobacco, cocoanut and betel to the Municipalities collecting the same. Under Stamps and Registration, the moderate rise of 8¼ pies per head is a satisfactory sign of the growing value of property, and it more than counterbalances the decline under Sayer.

Land Revenue incidence.—Under Land Revenue we find a considerable increase of incidence (3 annas 3½ pies). This has been obtained not by resort to additional taxation in any shape, but by extension of cultivation. Taking Raiyatwari land alone (Inams in Mysore being inconsiderable in extent and not subject to variation), the occupied area has increased from 4,090,402 acres, bearing a Land Revenue assessment of Rs. 63,51,158, to 6,173,826 acres bearing a similar assessment of Rs. 84,47,525. Nearly a third of the increase of both area and assessment has been due to the introduction of the Revenue Survey and Settlement into 31 Taluks, while the remaining two-thirds of the increase has been wholly the result of extension of cultivation. Taking the two causes together, the total increase in the occupied area is 51 per cent, while that in the assessment is only 33 per cent. It is evident therefore that the individual raiyat now holds more land and pays proportionately less for it than he did in 1881. The average assessment per acre has declined from Rs. 1-8-10 to Rs. 1-5-11. Altogether the increased incidence under Land Revenue is a matter for congratulation, as proof of the improved condition of the people.

Excise incidence.—Coming next to Excise, we find a remarkable increase, the Excise Revenue of the last year being not far below thrice the figure at which it stood 13 years ago. 63 per cent of the rise in the incidence of total taxation is found to be due to this source. The moral and social aspects of this large increase of Excise Revenue are so important as to demand a consideration in some detail of the causes which have given rise to it. Our Revenue from Excise is derived from two principal sources, Toddy and Arrack. Toddy, the milder and comparatively innocent drink, is the immemorial beverage of the agricultural classes, while Arrack, which is far stronger and more harmful, is chiefly consumed by the industrial laborer. The average alcoholic strength of Toddy is 2½ per cent, while that of Arrack is 39½ per cent. The former is used by the prudent conservative agriculturist with a settled course of life and regular work, while the latter is consumed mostly by the laborer and the artisan who is attracted to new places by the prospect of profitable employment. There is every reason to believe that the consumption of Toddy is fairly stationary, while that of Arrack has a decided tendency to increase year after year. Our increased revenue from Toddy is almost wholly the result of improved management, while that from Arrack is due to both improved management and increased consumption.

The old system in regard to Toddy was one of eight large District Farms for the entire Province. These farms were given out for terms of 3 years for an annual rent, the amount of which was the highest tendered by a limited number of persons whose standing in the business practically excluded all outside competition. Under this system, we received during the first triennium after the Rendition, an annual rent of 4¾ lakhs, and during the second triennium, one of 6¼ lakhs ; this latter sum was nearly the same as what used to be realized before the Famine of 1877. In the third triennium, there was a further rise to 7¼ lakhs. Then we tried a partial Talukwar sub-division of the District Farms, and this measure increased the rent for the 10th and 11th years to 9¼ lakhs per annum. In the 12th year we introduced the great change of system I explained to you last year, with the result that the Revenue at once mounted up to the present figure of 13¼ lakhs. This increase, you will remember, was secured not from increased consumption nor by adding to the burdens of the people, but by abolishing needless intermediaries between the Government which owns the extensive date groves and the small farmer who supplies a certain limited number of shops from a particular grove or part of a grove. It is

thus clear that the increase of Toddy Revenue, from 7¼ lakhs in the 9th year after the Rendition to 13¼ lakhs last year, was due wholly to improved management.

As regards Arrack, our policy has been essentially one of gradual enhancement of the duty upon the article. In 1881, there existed differential rates of duty. The general rate was Rs. 2-3-0 and Rs. 2-4-0 throughout the Province, with Rs. 2-7-0 for the outlying District of Chitaldroog and special rates of Rs. 3-3-0 and Rs. 3-4-0 for the Cities of Bangalore and Mysore. By a process of gradual assimilation and enhancement, we have now arrived at the high uniform rate of Rs. 4 per gallon 20° Under Proof equivalent to one of Rs. 5 for Proof. The selling price under our system is fixed as high as Rs. 5-5-0 for 20° Under Proof, equivalent to Rs. 6-10-3 for Proof. These rates are as high as they can be pitched consistently with the sound policy of preventing illicit distillation or contraband importation. The causes which, in addition to the enhanced duty, have tended to secure the increased Arrack Revenue, are—

(1) the abolition in 1884 of all outlying Distilleries and the introduction of a system of manufacture and distribution under centralized control,

(2) the separation in 1892 of the business of manufacture from that of distribution, and

(3) the system adopted in the same year for the sale of the privilege of retail vend. The increase due to the last named cause represents an addition of Re. 0-8-8 to the four Rupee Duty.

Making due allowance for the increase due to the above mentioned causes, we find that a substantial part of the rise in Revenue is still due to an increased consumption. Compared with 1881-82,* we now have a total increase of Revenue of Rs. 12,02,000, of which Rs. 5,67,000 are due to increased consumption and the remainder to other causes. The increased consumption is chiefly among migratory gangs of coolies and artisans employed in the Gold Mines, Mills, Public Works, Buildings and Coffee Plantations. Altogether, 394,751 gallons of Arrack were consumed during 1893-94, and this gives a consumption of 4·1 drams per head of population. In the Kolar Gold Fields, a labor population of 11,000, including women and children, constituting a little over $\frac{1}{440}$th of the Provincial population, consume 43,937 gallons, which is a little over $\frac{1}{9}$th of the total consumption for the Province, giving a consumption per head of 3·99 gallons, or 203·7 drams, which is altogether extraordinary and approximates closely to the rate of consumption in the United Kingdom. Coming next to the large city of Bangalore, which is the chief centre of industry in the Province, we find a consumption of 59,523 gallons, or at the rate of 37·8 drams per head of population. A large cooly population living in the outskirts of the Bangalore City and Cantonment swell the Arrack consumption of the Taluk to 95,147 gallons, giving a rate of 14·3 drams per head. As in the Bangalore City, so in the Mysore City, the same industrial conditions, though existing in a less degree, give a total consumption of 26,650 gallons and a rate per head of 18·3 drams. Coming next to what I might call the Coffee tract and including under this designation the four Taluks of Manjarabad, Koppa, Chikmagalur and Mudgere, we find a consumption of 51,375 gallons or a rate of nearly 10·9 drams per head. The result of these calculations is that 10¼ per cent of the Provincial population aggregated in the Gold Fields, the Mysore City, the Bangalore City and Taluk, and the

	1881-82.	1893-94.
*Gallons ...	168,093	394,751
Revenue Rs.	4,22,000	16,24,00

Coffee tract, together covering 8¾ per cent of the Provincial area, are responsible for 52 per cent of the total Provincial consumption, as explained in the table before you :—

Taluk.	Area. Sq. Miles.	Population.	Number of Shops in 1893-94.	Consumption in 1893-94. Gls.	Drs.	Incidence per head in 1893-94. Drs.
A. Coffee Taluks.						
Manjarabad	433	55,862	14	9,384	28	8·6
Koppa	600	62,077	44	12,354	4	10·1
Chikmagalur	620	82,052	28	20,466	45	12·7
Mudgere	430	41,365	13	9,170	10	11·3
A, Total.....	2,083	241,356	99	51,375	36	10·9
B. Particular Localities.						
Bangalore City	8	80,285	26	59,523	20	37·8
Mysore City	7	74,048	19	26,650	0	18·3
Kolar Gold Fields	21	11,000.	17	43,937	0	203·7
Bangalore Taluk (excluding City)	318	89,317	57	25,147	4	14·3
B, Total.....	354	254,650	119	155,257	24	31·1
Total **A & B**.....	2,437	496,006	218	206,633	9	21·2
C. Rest of the Province.....	25,487	4,347,517	651	188,118	6	2·2
Total Provincial **A, B & C**.....	27,924	4,843,523	869	394,751	15	4·1
Civil and Military Station ..	12½	100,081	30	91,629	3	46·7
Coorg Province	1,583	173,055	56	66,008	30	18·3

The consumption per head for this 10 per cent of the total population is 21·2 drams, whereas for the remaining $\frac{9}{10}$ths of the population it is only 2·2 drams. Not only does this small fraction of a tenth of the population consume more than half the total Arrack, but also shows a tendency (if we compare the past 2 years) to drink in greater proportion than the rest of the Province. I may observe in this connection that in the Civil and Military Station, where the industrial conditions of the Bangalore City are reproduced on a larger scale, the Arrack consumption is 91,629 gallons, or 46·7 drams per head, and in Coorg, where the climatic and other conditions are similar to those of what I have designated the Coffee tract in Mysore, the consumption of Arrack was 66,008 gallons, or 18·3 drams per head of population.

A comparison of the Arrack statistics* of last year with those of 20 years ago affords striking proof of the fact that what really determines the rise and fall of Arrack consumption is not the rate of selling price nor the number of shops nor the strength of total population, but the numercial strength and profits of a small minority of wage-earners engaged in industrial occupations and concentrated in particular localities, conditions, which as already explained, existed at their maximum during the last year.

*Including C. & M. Station.

Year.	Population.	No. of shops.	Price per gallon.	Consumption.
1873-74	5,055,412	1,442	Rs. 3 to 4	263,000
1893-94	4,943,604	899	Rs. 5-5-0	486,000

Gentlemen, we may now turn our attention to administration by the various local bodies.

Municipalities.—The number of Municipalities has risen from 101 to 105, and their total income (including a loan of Rs. 32,000 from Local Funds General for the Chikmagalur water-supply and other purposes) amounted to Rs. 5,54,000, out of which Rs. 5,11,000 were spent during the year. 21 per cent of the expenditure was on Conservancy and Sanitation, 5 per cent on Lighting, 8 per cent on Water-supply, 26 per cent on Drains, Roads and Buildings, 7 per cent on Education, 7 per cent on Medical Aid and the remainder on Miscellaneous Improvements.

The bulk of the Municipal Revenue is derived from Octroi duties, in which is absorbed the Government Sayer, and from Mohatarfa taxes assigned by the Government.

Last year, I announced to you two important concessions, the general grant to all Municipalities of the Government Sayer included in Octroi collections and the relinquishment of the Government moiety of Mohatarfa taxes in favor of such Municipalities as bore Police charges. These concessions have been followed up by the transfer of all Police charges to the State, and the grant of the entire Mohatarfa to all Municipalities without exception.

Thus within one year, the Municipal Funds have been benefited to the extent of one lakh of rupees at the expense of the general revenues of the State, and I hope that this addition to the resources at the disposal of the various Municipal Boards, will enable them to spend largely on Works of Sanitation and, next to this paramount duty, to provide for the extension of Primary Education within their respective jurisdictions.

The incidence of Municipal taxation during the year was 9 Annas 3·6 Pies per head of the Municipal population, and 1 Anna and 10 Pies per head of the total Provincial population.

Local Funds.—The total revenue from taxation for local purposes amounted to Rs. 10,73,309, consisting of Rs. 8,35,349 realized from the one anna cess on Land Revenue, Excise and Sayer and Rs. 2,37,960, representing the Irrigation Cess levied separately in some Taluks and included in the wet assessment in others. The revenue thus raised gave an incidence of Re. 0-3-6·5 per head of population and was distributed as follows:—

		Rs.
1.	To the District Local Funds, administered by District Fund Boards ...	4,99,344
2.	To Local Funds General, administered by Government, through the Public Works Department, District Fund Boards and Revenue Officers	1,35,522
3.	To the Village School Fund, administered by the Education Department	2,00,483
4.	To Irrigation Cess Fund, administered by the Public Works Department and Revenue Officers	2,37,960
	Total...	10,73,309

In addition to the sum of Rs. 4,99,344 assigned as above, the District Local Funds received from miscellaneous sources, such as Cattle Pounds, Ferries, &c., a sum of Rs. 82,738. Out of the total income thus realized by District Fund Boards, the expenditure of the year amounted to Rs. 5,67,194. Of this, 76 per cent was spent on Roads and Bridges, 8 per cent on Medical Aid, 4 per cent on new Drinking-water Wells, 3 per cent on Village Sanitation and the rest for various Miscellaneous purposes.

Owing to the insufficiency of the District Local Funds, the transfer to the Provincial Public Works Department Budget of the Sagar-Malnad Road System, whose completion is likely to cost 5 lakhs of rupees, was sanctioned, and Grants-in-aid were given from Local Funds General, of (1) Rs. 12,000 for the completion of the Belur Bridge, and (2) Rs. 34,000 for the completion of the Channagiri-Malebennur Road.

In addition to the above sum of Rs. 46,000, the expenditure from Local Funds General through the District Fund Boards amounted to Rs. 95,400 as shown hereunder :—

		Rs.
1.	Drinking water Wells	28,500
2.	Loan to Municipalities	19,000
3.	Advances recoverable	1,700
4.	Bridges, Tunnels and Drains	3,600
5.	Village Roads	10,300
6.	Chavadis	6,500
7.	Industrial School	6,300
8.	Musafarkhanas	6,500
9.	Bathing Ghats	1,200
10.	Contribution towards the Chattram Hospital at Bangalore	1,000
11.	Village Sanitation and Minor Works	3,000
12.	Other items	7,800
	Total.....	95,400

Public Works.—On Public Works other than Railways, the total outlay from State Revenues and from Local, Irrigation and Palace Funds together amounted to Rs. 29,95,288. The cost of works chargeable to other Departments amounted to Rs. 60,710, and the total expenditure of Rs. 30,55,998 was distributed as follows :—

	Outlay. Rs.	Total. Rs.
Military Buildings	60,571	
Civil Buildings	3,56,434	
Communications	8,13,237	
Irrigation	11,09,938	
Miscellaneous Public Improvements	33,010	
Tools and Plant	20,921	
Establishment	4,97,006	
Suspense	—21,560	
		28,69,557
Sanitary Works including Establishment and Tools and Plant.	1,25,731	1,25,731
Non-Budget Works debitable to Forest, Education and Municipal Budgets and Contributions	60,710	60,710
Total ...		30,55,998

The expenditure on Military Buildings was chiefly for the reconstruction of Barr Lines in varying stages of dilapidation all over the Province.

Under "Civil Buildings" about 3½ lakhs were expended chiefly in the completion of the large number of works that were begun in the previous years.

Under "Communications" the expenditure amounted to Rs. 8,13,237. An outlay of Rs. 2,96,381 was incurred under Original Works, and the remainder was devoted to the maintenance, in good order, of our extensive system of Provincial and District Fund Roads with a total length of 5,000 miles.

Of the outlay of Rs. 33,010 under "Miscellaneous Public Improvements," nearly Rs. 30,000 were spent on works connected with improvements in the Mysore City.

Under "Sanitary Works" an outlay amounting to Rs. 1,25,731 was incurred principally on the water-supply of Mysore and Closepet and the drainage and sanitation of Nanjangud.

The expenditure on Irrigation Works amounted to the large sum of Rs. 11,09,000, which was 1¼ lakhs higher than in 1892-93. The outlay on "Irrigation Repairs" about Rs. 1,40,000 was incurred chiefly in the restoration of minor tanks under the "Minor Tank Restoration Scheme" and the annual maintenance of 845½ miles of river channels in the Mysore and Hassan Districts cost about Rs. 42,000. The remainder of the Irrigation Expenditure of the year was all on news works, the restoration of a large number of tanks in all Districts and the extension and the improvement of the Ashtagram River Channels.

The important Irrigation Works in progress during the year were the same as those enumerated in my Address of last year. On the large Alalkatte project, the masonry dam and head sluices were taken in hand and are now in active progress. The detailed estimate for the Left Bank Channel has already been sanctioned, while that for the Right Bank Channel is now under the consideration of the Government. A new Channel Division is being formed to ensure the early completion of these important works and it is hoped that, in the year we have now entered on, good progress will be made with this great scheme.

I may mention in this place that, the Madras Government having consented to the construction of the Marikanave Reservoir, it has now been decided to take in hand this great work in the course of the year. The best way of treating the surplus or storm discharges from this vast tank has long been under discussion and it has now been all but decided, to construct the dam of masonry, with the crest acting as a waste-weir, as has recently been done in the case of the Borankanave Dam. The height to be given to the dam must, apart from the question of supply available for storage, depend upon the foundations, but unfortunately there is some doubt about these, and until they are actually got in, at probably considerable expense, it will be impossible to forecast with any accuracy the extent and cost of the project. The foundations will, at any rate, be attempted, and should they prove unsuitable for the enormous strain that a lofty dam would bring to bear on them, they may be found sufficiently secure for a low dam or anikat, from which to fill the tanks in the neighbouring valleys and thus at least partially to secure the object of protecting against drought this comparatively arid District, whilst recouping some of the outlay incurred.

It is to provide for this great work, with a few other special ones, that in drawing up the Forecast Public Works Programme of the near future, it has been determined to assign to the Public Works Department during the next seven years a special 10 lakhs a year over and above an ordinary annual grant of 15 lakhs, the impending enhanced subsidy compelling us to reduce the Public Works ordinary operations to this limit. Thus our works will become classified as "Ordinary" and "Extraordinary," whilst the latter will again be sub-classified as "Reproductive Irrigation" and "Non-productive."

Good progress is reported on the water-supply works for the Cities of Bangalore and Mysore, and every endeavour will be made to complete them as early as possible.

Railways.—Turning now to the Railway branch, I have to notice that the year under review, 1893-94, saw the completion and opening to traffic of the Bangalore-Hindupur and Kolar Gold Fields extensions. The former of these is being worked

or the State by the Southern Mahratta Railway Company on a triennial agreement; and the latter, on somewhat similar terms by the Madras Railway Company. The workmanlike and rapid execution of these two lines by our own officers is matter for congratulation, and I am also glad to say there is already evidence from the traffic returns, that the Gold Fields Extension will, apart from the impetus it must give to a promising industry, prove a financial success.

Besides the construction of these two Railways, surveys were made for a branch line from near Dodballapur on the Bangalore-Hindupur Section to Chikballapur and for a future extension from Arsikere on the Tumkur-Harihar Section to Hassan; whilst reconnoissances were made, by our Railway Superintending Engineer Mr. Groves, to ascertain the feasibility of carrying forward our State Railway system to the Western Coast on one side and of linking on with the South Indian Railway on the eastern side. These reconnoissances determined that, of several available alternative routes, it would be best to follow the Manjarabad Ghat route to Mangalore on the West Coast and the Gajjalhatti Ghat route to Erode on the South Indian Railway.

Muzarayi.—The Muzarayi Department has a good record of excellent work done during the past year. Repairs to the extent of Rs. 82,000 were carried out to 68 Hindu Temples and 5 Muhammadan Masjids. In order to ensure the economical management of the temples and the purity of the service therein, the active co-operation of local piety and intelligence has been secured by the appointment of Dharmadarsis for the more important institutions in the Province, while in the supervision of Masjids and Muhammadan charitable institutions the Muzarayi Superintendent is assisted by a Khazi Inspector well versed in the Khoran and commanding the respect of the Muhammadan Community.

You are aware that this State contains some of the most influential Hindu Matts of all denominations and that on the ground of their being centres of learning and spiritual influence, several of them enjoy liberal State endowments granted by the ancient rulers of this country and by none more munificently or in a more cosmopolitan spirit than His Highness the late Maharaja Krishnaraja Wadier. Some of these Matts, chiefly owing to the worldliness and rapacity of the Matt agents and servants, are ceasing to be centres of learning, and their endowments, intended to place the spiritual guides of the community above want and in a position to surround themselves with men of learning and sanctity, have been grossly mismanaged and misapplied and in several cases actually alienated to unworthy favorites. There came under notice during the past year, cases of Matts whose affairs had been so hopelessly mismanaged as to call for the temporary assumption of their management by the Government. The Sivaganga, the Hariharpur and the Vyasarayaswami Matts are thus under Government management at present, and steps are being taken to prevent the recurrence in them, after their restoration, of the abuses which have prevailed in the past. This policy will, it is hoped, tend to restore to the Matts of our Province a portion of their ancient usefulness to the community.

Education.—Education has continued to advance in all its branches. The total number of pupils under instruction rose to 105,499 from 102,549 in the previous year. Among various improvements carried out during the year, I may mention the raising of the Maharaja's College to the First Grade and the addition of a Training Department to the Maharani Girls' School.

Oriental Library.—Three hundred and thirty-seven Sanskrit manuscripts were acquired last year, the most important of them being Katyayana's Brihad-Yajur-Vidhána, explaining, like the Rig-Vidhána of Saunaka, the temporal use of the

Mantras of the Yajur Veda. The printing has been completed of two volumes of the Taittiriya Samhita with Bhattabhaskara's commentary, comprising the first six *pras'nas* of the first *kânda*, and of one volume of the Dhâtuvritti of Madhavachârya, a very rare work on Sanskrit Grammar.

Archæology.—The Survey was continued over five more Taluks, completing the Mysore and Hassan Districts. The number of inscriptions obtained was about 520. The volume for the Mysore District, dealing with 803 inscriptions, has been published. A discovery of great importance is a stone inscription of the time of Hâritiputra Sâtakarni of the second century. The Banavâsi inscription of the same king written in Asoka characters and the Pâli language has been known for some time. But the present one is in later characters and in the Sanskrit language and promises to be of considerable antiquarian interest.

Geology.—You are aware that under a system of prospecting licenses and mining leases on favorable terms, British capital and enterprise have been attracted to the Province and the mineral resources of the country have been so far developed that the anticipations of 10 years ago have been more than realised and the position of Mysore as a gold-producing country has become assured. During the last 2 years, the annual output has been $\frac{3}{4}$ million Pounds Sterling. But large as have been the results in the past, the possibilities of the industry in the future are far larger and the time has come to organise and carry out a systematic and detailed Geological Survey of the Province. A Geological Department is accordingly in course of formation and will be presided over by two of the ablest Geologists in India. Its work will include a thorough investigation and record of our mineral resources, the collection in a Special Museum of objects of Geological and Mining interest, the maintenance of a laboratory for the purpose of making assays and analyses of minerals, and the training of young men for the work of the Department in all its branches and if possible for practical mining. It is also proposed to add Geology to the curriculum of the Central College as one of the optional subjects for the B. A. Examination.

Meteorology.—The Meteorological Observatories at Bangalore, Mysore, Hassan and Chitaldroog are worked with the utmost regularity and their observations of the weather elements are telegraphed daily to Simla for the Government of India Daily Weather Report. Weekly abstracts of the same, corrected for instrumental errors, are published in the Mysore Gazette.

A systematic review of the Statistics and Registration of Rain-fall throughout the State has already been published and the mass of Meteorological information now being gathered will afford the basis for a trustworthy and systematic knowledge of the climatic conditions of this part of India.

The Central Observatory building at Bangalore has been almost completed and is now being equipped with self-registering instruments.

Legislation.—Of Legislative measures passed by His Highness the Maharaja since the last meeting of this Assembly, those relating to Printing Presses and Newspapers, to Railways, to Prisoner's Testimony, to Land Acquisition and to Government Securities follow the corresponding British enactments, while three others are intended to meet the convenience of the British Postal Department in Mysore and a small amendment of the Civil Courts Regulation enables the Chief Judge to appoint Munsiffs in cases of emergency.

The Regulation for the prevention of the marriage of infant girls, though the last in the list, is perhaps the most important legislative measure of the year. This Regulation embodies some of the more valuable suggestions made at the last meeting

of this Assembly, and His Highness trusts that the country will welcome it, in its present form, as an important measure of protection against a growing evil of some magnitude.

Agricultural Banks.—Gentlemen, before concluding this Address, I wish to make a few observations regarding the establishment of Agricultural Banks in this country, which on more than one previous occasion you pressed upon the attention of the Government. The subject has now received that careful study and investigation which its vital importance demands, and I am able to place in your hands to day the Kanarese Draft of a scheme whereunder Banks for the special benefit of agriculturists can most readily be established in this country. The details of the scheme are set forth in full in the Draft before you, but I may in this place add a few remarks in explanation of its more salient features.

On the one hand, we have large accumulations of unused capital in the country as evidenced by the balances in the Presidency and other Exchange Banks, the refusal of the former to receive any private deposits except as current ones carrying no interest and the high premium which the Government of India $3\frac{1}{2}$ per cent securities command. On the other hand, we have the agriculturist suffering from inability to raise the funds required for his *bonâ fide* purposes except at ruinous rates of interest. In our own State, the balance of the Government Savings Banks' deposits has risen from 4 lakhs in 1881 to 28 lakhs during the last year, though the rate of interest was recently reduced to $3\frac{1}{2}$ per cent, but the borrowing power of our Raiyat is nevertheless as low as ever. The substantial agriculturist, especially the Coffee Planter and the grower of exportable produce, is able to obtain some credit from the foreign buyer on the security of his crops at 9 and 12 per cent interest, but the ordinary Raiyat is unable to get any credit except at usurious rates. How to bridge over the wide gulf that thus separates capital from want is one of the most important problems of the day in this country, and it is not without considerable diffidence that His Highness' Government approach its solution; but we derive the hope of eventual success from what has already been accomplished in some European countries, where conditions very similar to ours have existed. These countries have tried various experiments for the re-organization of land credit by interposing an intermediate body, such as the land credit Banks of the Continent, between the capitalist and the agricultural borrower. These experiments have been attended with varying degrees of success according to the degree of identification attained, of the interests of the intermediate body with those of the borrower, but the most successful system has been proved to be that in which the agriculturists, forming themselves into an Association on strictly co-operative principles, substituted their own united credit for that of the intermediate body, thus securing for themselves the fullest return for their own credit as agriculturists and doing away with the profits of the middlemen.

The existing conditions among us offer no insuperable obstacle in the way of the establishment and successful working of similar associations in this country under the designation of Agricultural Banks. Indeed, speaking of our own Province, the tracts in which the *Suttigé* and crop advance systems exist, afford highly favorable conditions for their establishment. The essential principles underlying their constitution are—

i.—Every Bank to be an Association of landholders, formed on strictly co-operative principles, and enlisted on the basis of mutual confidence arising from the mutual information of each others character and resources. The object to be the common benefit of cheap credit and not the earning of divisible profits.

ii.—There should be no share capital, the funds required for the Bank being obtained by means of loans raised or deposits received.

iii.—The members to contribute their liability only. They will be at full liberty to limit this liability by prescribing a maximum for each individual loan or for the sum total of all loans, or to resign at any time and thus escape from further liability.

iv.—The funds raised by the Bank to be lent only to its members, at such moderate rates of interest as will leave the Bank a small margin for the actual expenses of management and for the gradual formation of a Reserve Fund.

v.—The affairs of the Bank to be managed by a body elected from among the members themselves and giving their services gratuitously, and

vi.—No loan to be made except for an approved purpose, such as some agricultural operation which, with ordinary care, may be expected to yield enough to repay the loan and to leave some profit for the borrower.

The subordinate principles and the details of the practical working, you will find fully described in the Kanarese Draft before you (of which an English abstract is appended to this Address). And it only remains for me to add that a Bank thus constituted and doing business on such conditions must be solvent and will be able eventually to command ample credit in the open market; but while such credit is in the process of growth—and its growth will take time—the Government will be prepared to help the Bank with deposits of money at favorable rates of interest. The Government will in addition be able to grant exemption from Stamp and other duties, to provide for the special registration of loans and their ready recovery, for the custody of funds in public Treasuries, for the periodical audit of accounts, &c., but the co-operative spirit to which the association is to owe its existence must emanate from the agriculturists themselves. I have no doubt such a spirit is to be found in most parts of the Province, at least to the extent of enabling us to make a small beginning. Small beginnings and early struggles are the necessary conditions of vigorous life and I indulge in the hope that the scheme, carefully worked on a moderate scale and in places where the conditions are most favorable, will soon be the means of establishing a system of Agricultural Banks throughout the country. They will be a great education to the people in thirft and co-operation and they will be the means of creating a wholesome public opinion against unproductive expenditure and extravagance of all kinds.

MYSORE,
12th October 1894.

K. SHESHADRI IYER,
Dewan of Mysore.